

OFFICE OF ECONOMIC DEVELOPMENT

Impact Analysis Report

OVERVIEW

The Office of Economic Development is responsible for administering the City's Foreign Trade Zone and Subzones, which includes processing applications, boundary modifications, and contract negotiations and extensions. For 2004-2005, the revenue is expected to remain at the present level. No new applications are expected, and the Foreign Trade Main Zone activities are expected to remain at 2003-2004 levels. It is important, however, for San José to maintain a Foreign Trade Zone even though the Zone may not generate a significant amount of revenue for the City in the next year. Maintaining a Foreign Trade Zone enhances the City's image and prestige as a foreign trade-friendly City, and a major international city as well. It is also an important international marketing asset for the City of San José.

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

There are two proposed new fees for the Office of Economic Development for 2004-2005. The first one is the Foreign Trade Main Zone application fee of \$3,200. The second one is the Foreign Trade Main Zone Expansion fee of \$1,600. The purpose of these new fees is to recoup the cost to the City of fees the Foreign Trade Zones Board (the federal government authority within the U.S. Department of Commerce responsible for administering the Foreign Trade Zone program) charges the City for additional main zones and Foreign Trade Zone expansions. As the grantee of Foreign Trade Zone #18, the City would be responsible for paying these fees to the Foreign Trade Zones Board.

No other fee change is recommended at this time.

NOTIFICATION

General public notice of proposed fee revisions is provided through published Council hearing dates and a minimum of ten days for public review of the 2004-2005 Proposed Fees and Charges Report.

DEPARTMENTAL FEES & CHARGES
OFFICE OF ECONOMIC DEVELOPMENT

Service	Adopted 2003-2004 Fee	Council Policy Cost Recovery Category	Adopted Cost Recovery %	Proposed 2004-2005 Fee	2004-2005 Estimated Cost	Estimated 2004-2005 Revenue		% Cost Recovery		
						Current Fee	Proposed Fee	Current Fee	Prop'd Fee	
1. FOREIGN TRADE MAIN ZONE		Category II								
a. Annual Fee	\$350			No Change		450	450			
b. Performance Fee *	\$100			" "		0	0			
c. Additional Zone Application Fee	New Fee			\$3,200		0	0			
d. Expansion Fee	New Fee			\$1,600		0	0			
2. FOREIGN TRADE SUBZONE		Category II								
a. Application Fee	\$1,500			No Change		0	0			
b. Annual Fee	\$5,000			" "		0	0			
TOTAL DEPARTMENT - GENERAL FUND						0	450	450	N/A	N/A
TOTAL DEPARTMENT - NON-GENERAL FUND						N/A	N/A	N/A	N/A	N/A
TOTAL DEPARTMENT - CATEGORY I						N/A	N/A	N/A	N/A	N/A
TOTAL DEPARTMENT - CATEGORY II						0	450	450	N/A	N/A
TOTAL DEPARTMENT						0	450	450	N/A	N/A

* Imposed on customers for every 5 transactions in a one-year period